

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01

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R 231130Z APR 76

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 4693

INFO USIA WASHDC

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EO 11652: N/A

TAGS: ETEL, PFOR, CE, US

SUBJ: RENEWAL OF VOA AGREEMENT

REF: A) COLOMBO 1245; B) STATE 80285; C) COLOMBO 596;  
D) USIA 7061.

1. CHARGE DISCUSSED RENEWAL OF VOA AGREEMENT ON APRIL 22 WITH BALASUBRAMANIAM, DIRECTOR, WEST, OF MINISTRY OF DEFENCE AND FOREIGN AFFAIRS IN LIGHT OF REFTELS. HE MADE POINT THAT CURRENT USG REGULATIONS CONCERNING NEAR EXCESS CURRENCY COUNTRIES (REF D) MAKE IT DIFFICULT FOR USG TO AUTHORIZE PAYMENT IN DOLLARS WHERE LOCAL CURRENCY ACCOUNTS ARE AVAILABLE. HE ASKED FOR POSITION OF GSL ON THIS MATTER.

2. BALASUBRAMANIAM RECITED FAMILIAR PICTURE OF GSL OVERALL BALANCE OF PAYMENTS DIFFICULTIES (SEE COLOMBO 1339, AN AIDAC MESSAGE, FOR RECENT ASSESSMENT). HE MADE THE ADDITIONAL POINT THAT FROM US VIEWPOINT THE AMOUNT INVOLVED WAS NOT LARGE, BUT THAT EVERY LITTLE BIT HELPED, FROM GSL FOREIGN EXCHANGE VIEWPOINT. FURTHERMORE ALTHOUGH SUCH PAYMENT, IF MADE IN DOLLARS, WOULD ACCRUE TO FINANCE MINISTRY'S GENERAL FOREIGN EXCHANGE BUDGET, NEVERTHELESS THE FACT THAT IT WAS "EARNED" BY AN OPERATION OF THE SRILANKA BROADCASTING CO WOULD GIVE

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THE LATTER A MUCH NEEDED ARGUING POINT WITH THE OFTEN

UNSYMPATHETIC FINANCE MINISTRY WHEN SEEKING FOREIGN CURRENCY FOR VITAL IMPORTED SPARE PARTS AND EQUIPMENT.

3. WITH RESPECT TO THE GSL REQUEST FOR TRAINING, CHARGE EXPLAINED ABSENCE OF CURRENT FUNDS TO PERMIT TRAINING ASSIGNMENTS FOR SLBC STAFF (REFTEL B). HE SUGGESTED THAT WHILE IT COULD NOT BE MADE A WRITTEN PART OF THE EXTENSION AGREEMENT, USIA/VOA MIGHT CONSIDER POSSIBILITY OF USG AGREEING ORALLY TO GIVE SYMPATHETIC CONSIDERATION TO SUCH A REQUEST AT SOME UNSPECIFIED TIME AFTER THE EXPIRATION OF THE PRESENT FY AND TRANSITIONAL QUARTER. (INDICATION OF SCOPE AND NATURE OF TRAINING DESIRED IS GIVEN IN PARA 4, REFTEL A.) GSL, ON OTHER HAND, WOULD FURNISH ASSURANCES THAT PERSONS SO TRAINED WOULD REMAIN ON JOB IN SUPPORT OF VOA REPLY ACTIVITIES FOR SPECIFIED PERIOD FOLLOWING TRAINING.

4. COMMENT: TAKING RUPEE VALUES OF PAYMENTS MADE BY VOA TO SLBC FOR FISCAL YEARS 72, 73, 74, 75 AT PRESENT DEPRECIATED OFFICIAL EXCHANGE RATE, THE DOLLAR VALUES WOULD NOW RANGE FROM \$42,000 TO \$48,000. IF USG WERE TO ACCEDE TO GSL REQUEST, THE CHANGE IN PAYMENT PROCEDURE COULD BE HANDLED BY A RENEGOTIATED RATE SCHEDULE, RATHER THAN TO HAVE THE MATTER COVERED IN THE NW EXCHANGE OF NOTES EXTENDING THE AGREEMENT. CURRENT AND PREVIOUS RATE SCHEDULES HAVE EXPRESSED THE CHARGE IN RUPEES PER HOUR FOR TRANSMITTER USE AND STANDBY TIME. NEW RATE SCHEDULE COULD CONTINUE TO EXPRESS RATES IN RUPEES, BUT WITH THE ADDITIONAL PROVISION THAT PAYMENT BE MADE IN DOLLARS AT THE EXISTING OFFICIAL EXCHANGE RATE AT THE TIME OF BILLING. THIS WOULD PROVIDE THE USG WITH THE BENEFIT OF FUTURE DEPRECIATION IN THE RUPEE. SINCE THIS DEPRECIATION HAS AMOUNTED TO 23.9 PERCENT IN THE PERIOD OF JANUARY 1974 TO DATE, AS A RESULT OF THE SHARP DECLINE IN THE BRITISH POUND TO WHICH THE RUPEE IS TIED, THE RESULT IN THE FUTURE MIGHT WELL DECREASE OUR OUTLAY FOR THE SERVICES.

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5. MORE TO THE POINT, PERHAPS, IS THE PRACTICAL CONSIDERATION OF HAVING THE EXTENSION ACCOMPLISHED AS

SOON AS POSSIBLE, NOT ONLY IN LIGHT OF THE MAY 14 EXPIRATION DATE, BUT ESPECIALLY IN VIEW OF THE UPCOMING NON-ALIGNED CONFERENCE. A CONTINUING DIALOGUE WITH THE GSL OVER THIS ISSUE MIGHT WELL PRODUCE POLITICAL AND PUBLICITY FALLOUT THAT WOULD BE UNHELPFUL TO BOTH SRI

LANKA AND THE US AT THIS TIME. IF THESE MODEST REQUESTS ARE TURNED DOWN BY US, OR IF WE PROCRASTINATE IN PROVIDING FAVORABLE REPLY; WE MAY WELL RISK LOSING OCE FACILITY, IN LIGHT OF POSSIBILITY OF ITS BECOMING POLITICAL ISSUE EITHER ON EVE OF NON-ALIGNED CONFERENCE OR IN VIEW OF ELECTIONS EXPECTED IN EARLY 1977.

6. ACTION REQUESTED: EMBASSY REQUESTS AUTHORIZATION:

1) TO EXCHANGE NOTES FOR A FIVE YEAR RENEWAL, FOLLOWING THE LANGUAGE OF THOSE EXCHANGED ON JAN 12 AND APRIL 26, 1971; 2) THAT EMBASSY/USIS BE AUTHORIZED TO NEGOTIATE A NEW RATE AGREEMENT UNDER THE TERMS SUGGESTED IN PARA 4 ABOVE; AND 3) THAT EMBASSY/VOA BE AUTHORIZED TO CONVEY ORALLY TO SLBC A WILLINGNESS ON THE PART OF USIA/VOA TO CONSIDER SYMPATHETICALLY A SMALL NUMBER OF REQUESTS FOR TRAINING IN TRANSMITTER OPERATION AND MAINTENANCE AT SOME TIME AFTER THE EXPIRATION OF THE CURRENT FISCAL YEAR, PROVIDED SUFFICIENT FUNDS ARE THEN AVAILABLE. PERKINS

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